

UNNUMBERED LETTERS ISSUED FOR THE MONTH OF FEBRUARY 2003

Dated	Subject	Distribution
02-04-03	Increasing Minority Homeownership in Rural America	S/D
02-13-03	Business and Industry Guaranteed Loan Program Report of Unauthorized Assistance	S/D
02-19-03	Financial Management Division Reviews Fiscal Year (FY) 2003	S/D
02-26-03	Farm Security and Rural Investment Act of 2002, Section 9006 Designation of a Rural Energy Coordinator for the Renewable Energy Systems and Energy Efficiency Improvements Program	S/D
02-27-03	Interest Rate Changes for Housing Programs and Credit Sales (Nonprogram)	S/D, D/D, C/S

February 4, 2003

TO: Rural Development State Directors,

ATTENTION: Rural Housing Program Directors,
Rural Development Managers,
and Community Development Managers

FROM: Arthur A. Garcia *(Signed by James E. Selmon III)* *for*
Administrator
Rural Housing Service

SUBJECT: Increasing Minority Homeownership in Rural America

Background:

Secretary Ann Veneman and Under Secretary Thomas Dorr pledged their mutual support to President Bush to help him reach his goal of increasing minority homeownership. Secretary Veneman established a goal of increasing minority participation in USDA's homeownership programs by 10 percent by the end of the decade. To accomplish this goal, the Secretary outlined USDA's "Five Star Commitment" at a White House Conference on "Increasing Minority Homeownership" on October 15, 2002. Under Secretary Dorr reinforced these commitments at the National Mortgage Bankers Association conference later that month. I am asking you to join me in our commitment to assist the President in reaching his goal. USDA assisted 43,640 families with homeownership in Fiscal Year (FY) 2002. Of those, 18.9 percent or 8,231 were minorities. To meet our goal, we must increase our level of service to at least 10 percent more or 825 additional minority homeowners by FY 2010. Each year, we must make steady progress on this goal.

The President stressed that down payment assistance, an increased supply of affordable homes, greater support of self-help housing, better homeownership education, and simplification of the home buying process are important tools for knocking down the barriers to minority homeownership. USDA's Five Star Commitment will prove very effective in dismantling these barriers.

EXPIRATION DATE:
February 28, 2004

FILING INSTRUCTIONS:
Housing Programs

Teleconference

A one hour teleconference will be held February 27, 2003 at 2:00 PM Eastern Time to discuss the Five Star Commitment. Under Secretary Dorr, Associate Administrator Selmon and I will address the participants. State Directors and appropriate staff should plan to attend. Please call into the bridge number (202) 554-1742, passcode 6831# at least five minutes before the start of the teleconference.

USDA's Five Star Commitment

USDA's Five Star Commitment to expand Minority Homeownership by 10 percent by 2010 includes the following:

- * Lowering Fees to Reduce Barriers to Minority Homeownership
- * Doubling the Number of Self-Help Participants by 2010
- * Increasing Participation by Minority Lenders through Outreach
- * Promote Credit Counseling and Homeownership Education
- * Monitoring Lending Activities to Ensure 10 Percent Increase in Minority Homeownership

Under Secretary Dorr asked me to provide direction and establish benchmarks to meet our goal of serving more minority homeowners. First, I want to recognize the outstanding job you are doing in the field in this area! In FY 2002, nearly 19 percent of our loans in the combined Direct and Guaranteed programs went to help minority families achieve homeownership. This compares quite favorably to the 13.2 percent minority population in rural America based on the 2000 Census. In the Direct Single Family Housing program, almost 1/3rd of our loans are made to minority homeowners. The Mutual Self Help program has an incredible record in which more than half of the homeowners are minorities.

The chart in Attachment 2-A breaks down our performance in each of the major and special initiative program areas. This information will help you identify the areas of greatest opportunity and will also serve as our baseline. A similar report will be available electronically so that you can monitor your progress as well as drill down to see how your local offices are doing. This chart will be updated and provided to State Directors on a quarterly basis. It will also be available electronically and further information will be provided under separate cover on how to access this electronic report.

Action Required

Each State Director should begin immediately to develop a plan suited to your state to increase minority homeownership. The approach to increasing our service to minority homeowners will likely differ in each State. We need to assure we are fully utilizing our funding in all of our

programs. Unused program funds represent lost opportunities to assist potential homeowners. In areas where we are not reaching a representative portion of rural minority homeowners, we must increase our outreach to get these applicants in the door.

Goals and Performance Measurement

We have established two State goals as follows:

The first performance goal is the number or percentage of minority homeowners we assist. States with a gap in serving minorities (the percent of total loans is less than the rural minority percent) will increase their service by 20 percent of the 2002 level. States with percentages that exceed the minority population by 10 percent are expected to maintain or increase current service levels. All other States are expected to increase their service by 10 percent. States that do not meet their goal will be required to provide a report on State activities conducted. For example, a State with a minority population representing 15 percent of the rural population served 500 families in FY 2002. Of those 500 families, 50 were minorities representing 10 percent of the families served. Since there is a gap between those served and the minority population, this State would need to increase their service by 20 percent or 10 families to meet the goal (50 families times 20 percent) each year. Since we will be tracking our progress using data already available, States that meet their goals will not be required to provide additional reports.

The second goal is to establish an active Self Help housing program in every State. By FY 2006, not less than 5 percent of the States Section 502 Direct loans will be to families building their own homes through the Self Help housing program. By FY 2010, this level increases to 15 percent. States with active programs are expected to maintain the FY 2002 performance level, while other States must increase their activity to reach the minimums established above.

Although we have not established individual goals for each of the sub-categories (Direct Section 502 Loans, RHLF/CDFI, Guaranteed) provided on the chart, they will serve as performance indicators. States may establish their own internal goals for these sub-categories as appropriate.

State Director performance ratings will include an evaluation of State progress in increasing minority homeownership. In addition, bonus weights for releases of Single Family Housing funds will include minority homeownership accomplishments.

Attachment 1 to this document includes a more detailed discussion on each of the Five Stars and possible activities to consider. Attachment 2-A and 2-B include information on FY 2002 performance and goals for each State. Attachment 3 includes information on how to access the rural census data.

We want to allow States the flexibility to tailor their plan to meet local needs. State plans should assure a tie-in with Homeownership Month in June 2003. We are confident that by working together, we can achieve this laudable goal and make the President, the Secretary, and the Under Secretary even prouder of our accomplishments.

The following is a list of things to consider in meeting USDA's goal of increasing the number of minority homeowners, many of which represent practices already in use by successful States.

Lowering Fees to Reduce Barriers to Minority Homeownership

Secretary Veneman announced a reduction in fees in the SFH Guaranteed program during the October 15th White House Conference on Increasing Minority Homeownership. This fee reduction is consistent with the President's Homeownership Agenda. This reduction from 2 percent to 1.5 percent on new loans and .5 percent on refinance loans will save the average customer about \$425 (Average guaranteed loan is about \$85,000. $\$85,000 \times .005 = \425) on new loans. For refinancing transactions, the customer will save \$1,275 on a similar loan (\$85,000 loan at 1/2 percent fee instead of 2 percent).

This guarantee fee reduction is only one example of steps we can take to lower fees to reduce barriers to minority homeownership. Other ways to lower fees each State should consider are:

- * Identify and use downpayment and closing cost assistance programs available from State and local government agencies, community organizations, non-profit groups, churches, lenders, and other housing groups. Assure our lender partners are aware of these opportunities and make use of them.
- * Monitor the fees and charges required by guaranteed and leverage lenders.
- * Watch for predatory lending activities in your area. Alert potential customers and State regulators to these practices.
- * Identify and implement policy and procedure changes that will enable lenders, builders, real estate agents, appraisers, inspectors, and other industry service providers to lower their costs, and pass on savings to rural borrowers.

Increasing Participation by Minority Lenders through Outreach

Community outreach is an important tool for all state, area and local offices. Outreach presents a tremendous opportunity to identify lenders who serve areas of high minority concentration and educate them about our homeownership programs. Use available media, other lenders, and homebuyer seminars to identify and educate interested lenders. There are minority lenders out there that would welcome the opportunity to participate in our homeownership program to increase the number of minority homeowners if given the chance. Other activities each State should consider to improve outreach are:

- * Assure that Rural Development staff receive the training and resources to enable them to provide exceptional customer service.

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- * Increase the number and frequency of visits to real estate professionals (lenders, builders, real estate agents, appraisers, inspectors, and other industry service providers) with service areas in minority communities.
- * Attend and become more visible at State and local real estate industry events.
- * Participate with real estate professional organizations (e.g., Mortgage Bankers Associations, Mortgage Brokers Association, etc.)
- * Hold more open houses.
- * Offer more training on our homeownership programs to partners including lenders, builders, real estate agents, appraisers, inspectors, settlement agents, and other industry service providers.
- * Identify and contact newspapers and other media targeted to minority communities.
- * Contact local newspapers and trade publications with success stories and other housing news.
- * Make facilities available to credit counselors and educators for homeownership seminars.
- * Place links on Rural Housing web-sites to credit counseling and homeownership training providers.
- * Communicate with lenders, builders, real estate agents, and others on Rural Development's commitment and goals for increased minority homeownership.
- * Solicit ideas to increase minority homeownership and develop communication vehicles to share those ideas.
- * Ensure effective 2-way communication between lending partners and Rural Development staff.
- * Establish effective working relationships with State and local Housing Finance Agencies.
- * Establish effective working relationships with Credit Unions and Community Development Financial Institutions.
- * Identify minority lenders and lenders with an active presence in minority areas and develop partnerships.

Doubling the Number of Self-Help Participants by 2010

Many states have found great success through our Mutual Self-Help Program. In FY 2002, approximately 1,500 low-income rural families built their own homes through Self-Help Programs in 33 states and Puerto Rico. These states have been especially successful in servicing minority applicants through the Self-Help Program. Nationally, minorities account for over 50 percent of the homeowners assisted through the Self-Help Program. States with no Self-Help Activity should develop a plan to start a Self-Help program and buddy-up with more active States. This is essential toward meeting USDA's goal of doubling the number of Self-Help participants by 2010. To facilitate these goals we offer the following suggestions:

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- * Provide training to all Rural Development staff to ensure that the Self-Help program is understood by all and is being actively promoted.
- * Identify eligible organizations within your state participating in any of our housing program and other low income housing programs such as Section 8. Contact these groups about the Self Help program. Particular attention should be placed on organizations serving minority communities.
- * Work closely with the regional contractor for your area to develop new Self Help activity,
- * Meet with interested groups to discuss the benefits of the Self-Help Program.
- * Maintain a list of all active Self-Help Groups within your state and target a percentage of your Section 502 loan funds to Self-Help.

Promote Credit Counseling and Homeownership Education

The need for credit counseling and homeownership education continues to be an area of great concern for many minority applicants. Many applicants continue to be vulnerable to predatory lending practices. Unwise and uninformed credit use create barriers that prevent them from becoming successful homeowners. Many states have already begun to address this issue and are providing credit counseling to applicants through a variety of means. I encourage each state to develop a plan to ensure that credit counseling and homeownership education is available in every county. We have partnered with the Federal Deposit Insurance Corporation (FDIC) to utilize FDIC's MoneySmart Program as a tool to increase financial literacy for applicants. FDIC provided training to Rural Housing program directors in St. Louis on December 17, 2002 so that every State has someone available to train others on how to use the MoneySmart materials. The following suggestions are offered as ways to promote Credit Counseling and Homeownership education in your state:

- * Develop a list of credit counseling and homeownership education resources (classroom, correspondences courses, web-based) available in your area. Check with local community colleges, credit bureaus, Housing Finance Agencies, etc.
- * Partner with groups that provide credit counseling and homeownership training.
- * Make facilities available for credit counseling and homeownership seminars.
- * Place links on Rural Housing web-sites to credit counseling and homeownership education providers.
- * Send staff to "train the trainer" seminars for credit counseling and homeownership education.
- * Encourage staff to work with rejected applicants over a period of time with the goal of helping them to repair credit and solve other issues that caused rejection so they can reach the dream of homeownership.
- * Develop a process of measuring the number and percent of rejected applicants who later receive loans.

Monitoring Lending Activities to Ensure 10 Percent Increase in Minority HomeOwnership

To ensure that the President's goal to increase Minority Homeownership is reached, each state should begin immediately to review the lending activity of all program areas to ensure that the minority citizens are being served in proportion to the minority population in your state. After this review you should develop a plan of action that addresses the uniqueness of your state, the strengths and weakness of your present program, and your specific goals. The following suggestions may assist you:

- * Utilize the BRIO reports to monitor progress.
- * Set realistic but aggressive goals, related to increasing minority homeownership.
- * Develop measurable objectives, and target benchmarks to monitor progress.
- * Communicate Rural Development's commitment and goals for increased minority homeownership to lenders, builders, real estate agents, and others.
- * Solicit ideas to increase minority homeownership and develop a vehicle to share those ideas.
- * Periodically measure lending activities and communicate progress to lenders and other partners on a regular basis.

Minorities Served by RHS Section 502 Home Loan Programs, FY 2002

Attachment 2 - A

State	2000 Census		All Single-Family FY 2002				FY 2010 Performance Target	Self-Help		RHLP/CDFI		All 502 Direct		502 Guaranteed	
	Rural Population	Percent Minority	Total Loans	Percent Minority	Number Minority	FY 2003 Goal		Total Loans	Percent Minority	Total Loans	Percent Minority	Total Loans	Percent Minority	Total Loans	Percent Minority
Alabama	1,981,427	19.7%	881	22.5%	198	198	22.5%	0	0.0%	5	20.0%	349	33.2%	532	15.4%
Alaska	215,675	33.3%	176	27.3%	48	58	33.3%	0	0.0%	0	0.0%	37	40.5%	139	23.7%
Arizona	607,097	41.4%	506	56.1%	284	284	56.1%	155	92.9%	20	20.0%	311	75.2%	195	25.6%
Arkansas	1,269,221	11.9%	1,403	15.2%	213	213	15.2%	42	35.7%	0	0.0%	366	29.0%	1,037	10.3%
California	1,881,985	27.4%	1,107	66.1%	732	732	66.1%	334	82.3%	0	0.0%	995	70.8%	112	25.0%
Colorado	668,076	14.1%	590	24.4%	144	144	24.4%	122	30.3%	29	10.3%	229	28.8%	361	21.6%
Connecticut	417,506	4.9%	190	7.4%	14	14	7.4%	0	0.0%	2	50.0%	51	11.8%	139	5.8%
Delaware	155,842	16.3%	120	38.3%	46	46	38.3%	7	85.7%	32	59.4%	58	67.2%	62	11.3%
Florida	1,712,358	17.8%	2,060	33.3%	685	685	33.3%	94	78.7%	22	50.0%	693	48.3%	1,367	25.6%
Georgia	2,322,290	20.0%	947	27.1%	257	257	27.1%	0	0.0%	26	65.4%	413	41.6%	534	15.9%
Hawaii	103,312	64.6%	216	74.5%	161	161	74.5%	62	90.3%	6	66.7%	93	87.1%	123	65.0%
Idaho	434,456	11.4%	582	14.1%	82	82	14.1%	33	24.2%	141	22.0%	250	20.8%	332	9.0%
Illinois	1,509,773	3.9%	2,082	3.0%	63	76	3.9%	0	0.0%	57	7.0%	422	5.5%	1,660	2.4%
Indiana	1,776,474	2.7%	1,144	3.9%	45	45	3.9%	5	0.0%	232	3.4%	547	3.5%	597	4.4%
Iowa	1,138,892	2.5%	1,005	3.8%	38	38	3.8%	3	0.0%	5	20.0%	245	4.5%	760	3.6%
Kansas	767,749	5.9%	836	9.8%	82	82	9.8%	30	26.7%	43	9.3%	275	15.3%	561	7.1%
Kentucky	1,787,969	3.5%	2,483	4.3%	106	106	4.3%	0	0.0%	143	5.6%	492	5.3%	1,991	4.0%
Louisiana	1,223,311	22.2%	1,016	27.1%	275	275	27.1%	0	0.0%	109	40.4%	360	43.3%	656	18.1%
Maine	762,045	2.5%	636	2.0%	13	16	2.5%	15	0.0%	81	2.5%	181	3.9%	455	1.3%
Maryland	737,818	12.0%	703	16.5%	116	116	16.5%	55	54.5%	60	20.0%	159	33.3%	544	11.6%
Massachusetts	547,730	3.9%	107	9.3%	10	10	9.3%	0	0.0%	11	9.1%	67	14.9%	40	0.0%
Michigan	2,518,987	5.4%	2,283	3.6%	82	98	5.4%	13	0.0%	16	12.5%	387	6.5%	1,896	3.0%
Minnesota	1,429,420	4.4%	1,745	5.6%	97	97	5.6%	0	0.0%	64	6.3%	170	7.6%	1,575	5.3%
Mississippi	1,457,307	31.8%	968	39.9%	386	386	39.9%	33	87.9%	0	0.0%	400	63.3%	568	23.4%
Missouri	1,711,769	4.0%	1,468	6.8%	100	100	6.8%	11	18.2%	28	3.6%	357	6.2%	1,111	7.0%
Montana	414,317	11.2%	695	6.5%	45	54	11.2%	16	50.0%	59	1.7%	179	16.2%	516	3.1%
Nebraska	517,538	4.6%	656	11.1%	73	73	11.1%	0	0.0%	44	9.1%	140	6.4%	516	12.4%
Nevada	169,611	18.2%	57	24.6%	14	14	24.6%	9	44.4%	0	0.0%	30	33.3%	27	14.8%
New Hampshire	503,451	2.6%	193	1.6%	3	4	2.6%	0	0.0%	17	0.0%	87	3.4%	106	0.0%
New Jersey	475,263	9.8%	155	26.5%	41	41	26.5%	0	0.0%	0	0.0%	104	31.7%	51	15.7%
New Mexico	455,545	57.9%	417	56.4%	235	282	57.9%	5	100.0%	2	50.0%	166	68.7%	251	48.2%
New York	2,373,875	5.3%	504	3.8%	19	23	5.3%	0	0.0%	11	0.0%	279	4.3%	225	3.1%
North Carolina	3,199,831	22.1%	1,244	27.6%	343	343	27.6%	30	43.3%	27	29.6%	602	43.5%	642	12.6%
North Dakota	283,242	10.0%	255	5.5%	14	17	10.0%	6	0.0%	2	0.0%	85	9.4%	170	3.5%
Ohio	2,570,811	2.9%	1,605	3.1%	50	51	3.1%	9	0.0%	93	4.3%	492	3.9%	1,113	2.8%
Oklahoma	1,196,091	21.3%	1,049	15.7%	165	198	21.3%	109	26.6%	25	28.0%	296	21.6%	753	13.4%
Oregon	727,255	9.5%	597	11.9%	71	71	11.9%	24	50.0%	4	25.0%	220	20.5%	377	6.9%
Pennsylvania	2,816,953	2.7%	1,287	6.7%	86	86	6.7%	0	0.0%	1	0.0%	450	8.7%	837	5.6%

Highlighted figures represent areas of opportunity to increase minority homeownership.

Minorities Served by RHS Section 502 Home Loan Programs, FY 2002

Attachment 2 - A

State	2000 Census		All Single-Family FY 2002				FY 2010 Performance Target	Self-Help		RHLP/CDFI		All 502 Direct		502 Guaranteed	
	Rural Population	Percent Minority	Total Loans	Percent Minority	Number Minority	FY 2003 Goal		Total Loans	Percent Minority	Total Loans	Percent Minority	Total Loans	Percent Minority	Total Loans	Percent Minority
Puerto Rico	213,089	99.0%	1,231	99.7%	1,227	1228	99.7%	6	100.0%	0	0.0%	469	99.1%	762	100.0%
Rhode Island	95,173	3.1%	9	0.0%	0	0	3.1%	0	0.0%	0	0.0%	7	0.0%	2	0.0%
South Carolina	1,584,888	32.0%	678	33.5%	227	228	33.5%	6	100.0%	0	0.0%	260	49.2%	418	23.7%
South Dakota	363,417	14.3%	787	2.9%	23	28	14.3%	9	0.0%	12	16.7%	113	12.4%	674	1.3%
Tennessee	2,069,265	6.5%	1,448	9.5%	138	138	9.5%	6	16.7%	2	0.0%	376	20.2%	1,072	5.8%
Texas	3,647,539	25.2%	1,182	50.7%	599	599	50.7%	20	100.0%	5	40.0%	891	60.7%	291	19.9%
Utah	262,825	10.3%	533	7.5%	40	48	10.3%	73	6.8%	23	4.3%	173	9.8%	360	6.4%
Vermont	376,379	2.8%	225	1.3%	3	4	2.8%	0	0.0%	49	4.1%	122	2.5%	103	0.0%
Virgin Islands	NA	NA	66	97.0%	64	77	97.0%	0	0.0%	0	0.0%	61	96.7%	5	100.0%
Virginia	1,908,560	17.3%	913	19.3%	176	176	19.3%	6	83.3%	16	12.5%	339	30.1%	574	12.9%
Washington	1,063,015	13.8%	468	15.2%	71	72	15.2%	92	17.4%	7	0.0%	269	14.5%	199	16.1%
West Virginia	975,564	2.9%	702	3.7%	26	26	3.7%	10	40.0%	12	0.0%	189	3.7%	513	3.7%
Wisconsin	1,700,032	3.8%	1,035	5.0%	52	52	5.0%	12	33.3%	4	0.0%	319	9.4%	716	3.1%
W. Pacific Areas	NA	NA	140	92.9%	130	156	92.9%	0	0.0%	0	0.0%	17	100.0%	123	91.9%
Wyoming	172,438	9.0%	255	7.5%	19	23	9.0%	0	0.0%	26	19.2%	63	15.9%	192	4.7%
US Total --	59,274,456	13.20%	43,640	18.9%	8,231	8,426		1,462	56.2%	1,573	14.1%	14,705	32.2%	28,935	12.1%

Notes: -- Census figures obtained from the U.S. Census Bureau, Census 2000 Summary. Information for Virgin Islands and Western Pacific Areas not available. Information on states and counties available at <http://factfinder.census.gov/>
-- The Census Bureau classifies 'rural' as all area outside urban areas or clusters which have a core density of at least 1,000 people per square mile and surrounding areas with an overall density of 500. These areas do not always equal RHS eligible areas.
-- RHS loan figures obtained from RHS Data Warehouse for Fiscal Year 2002.
-- 'Minority' includes all race and ethnic categories, except 'White, not Hispanic or Latino.' Race figures not available for all loans.
-- Self-Help and RHLP-CDFI loans are 502 Direct Loans and are also included in the 'All 502 Direct' column.

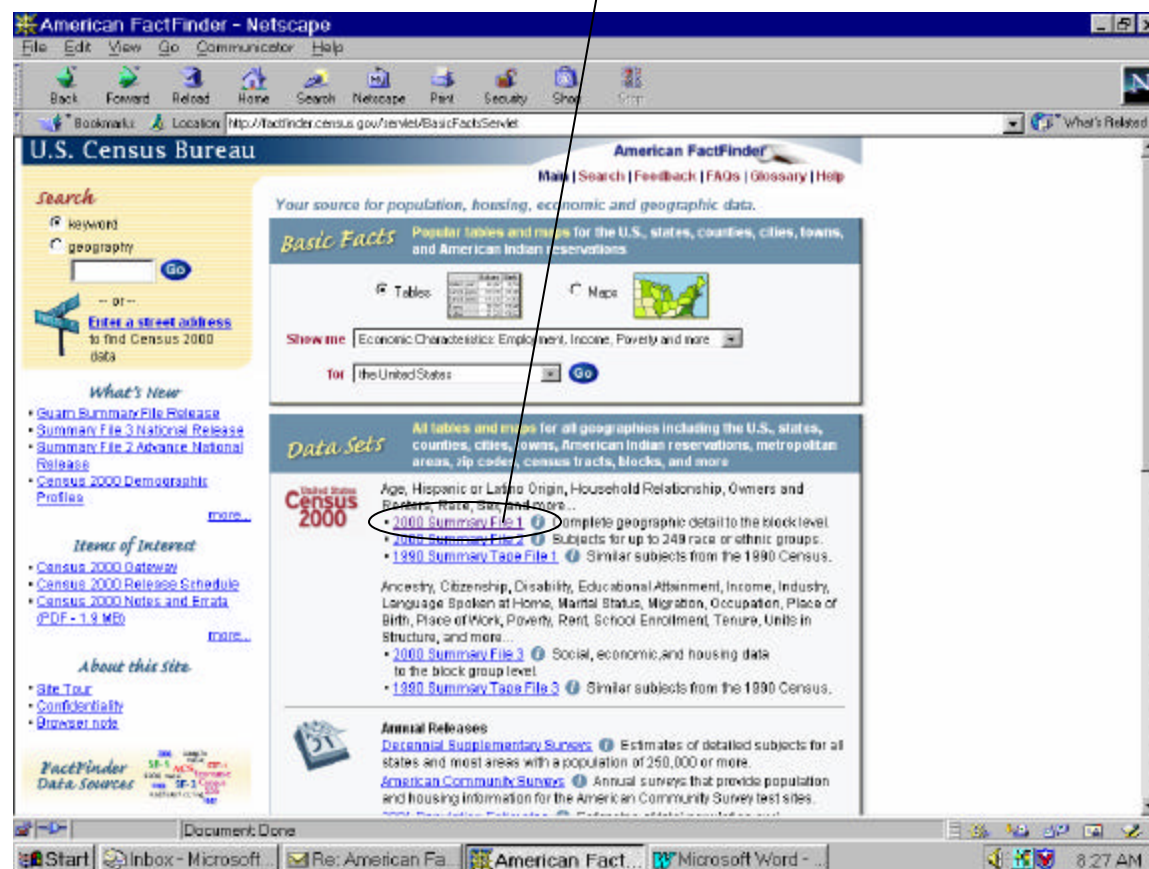
Highlighted figures represent areas of opportunity to increase minority homeownership.

Instructions for Accessing Census Data

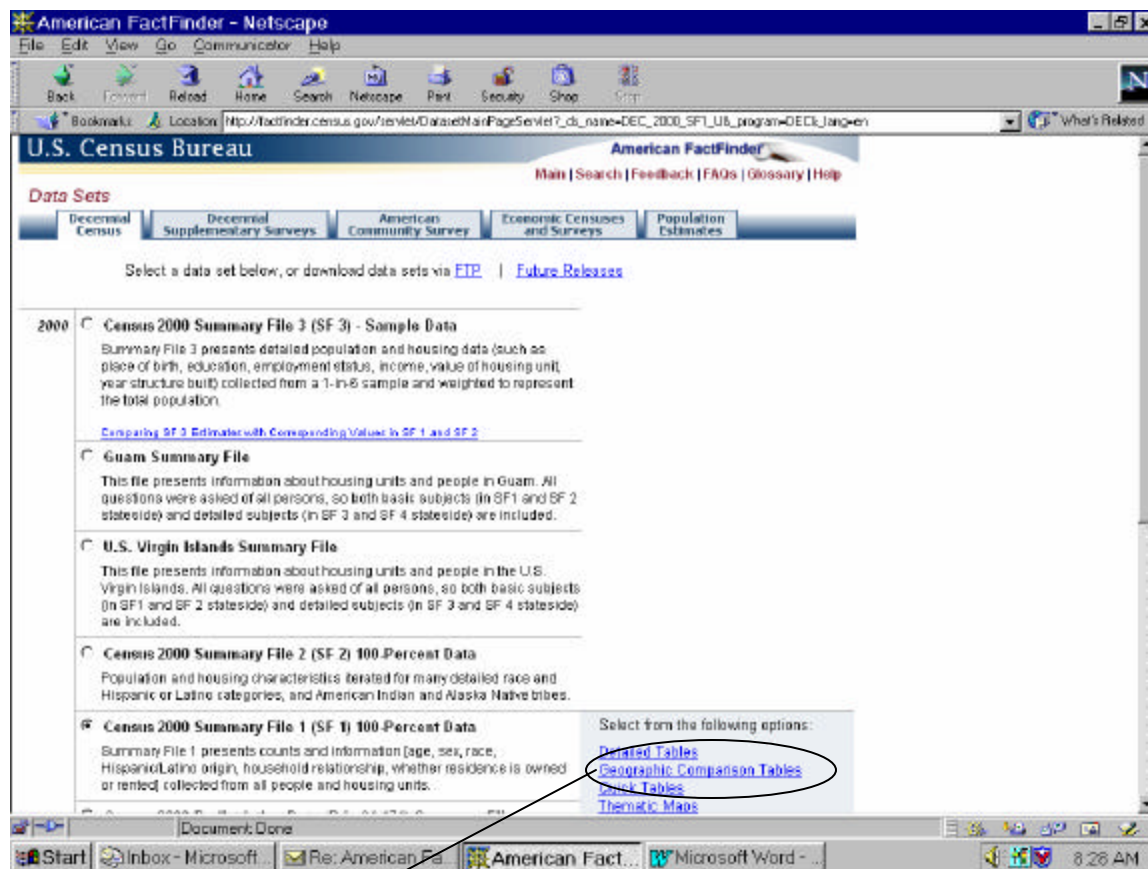
Begin at the US Census “factfinder” web page:

<http://factfinder.census.gov/>

Under the label “Data Sets,” select “2000 Summary File 1.”

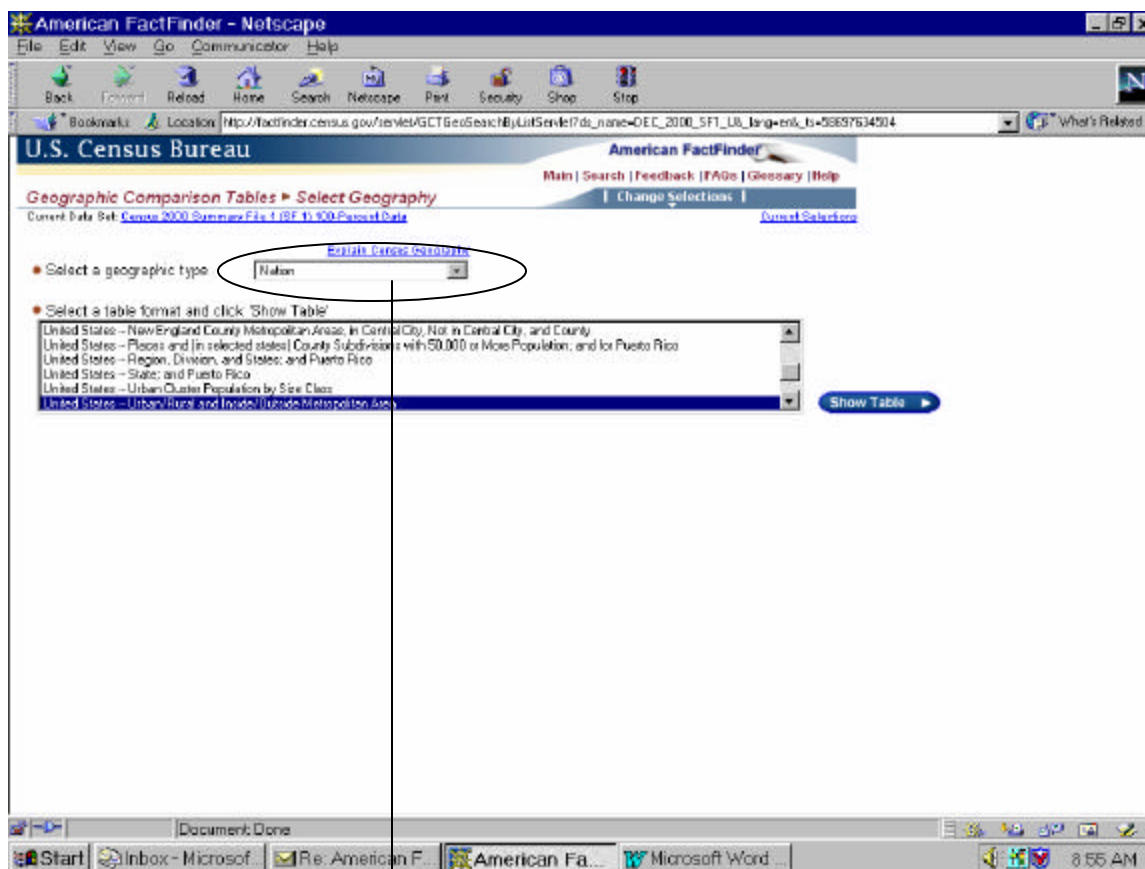


Instructions for Accessing Census Data



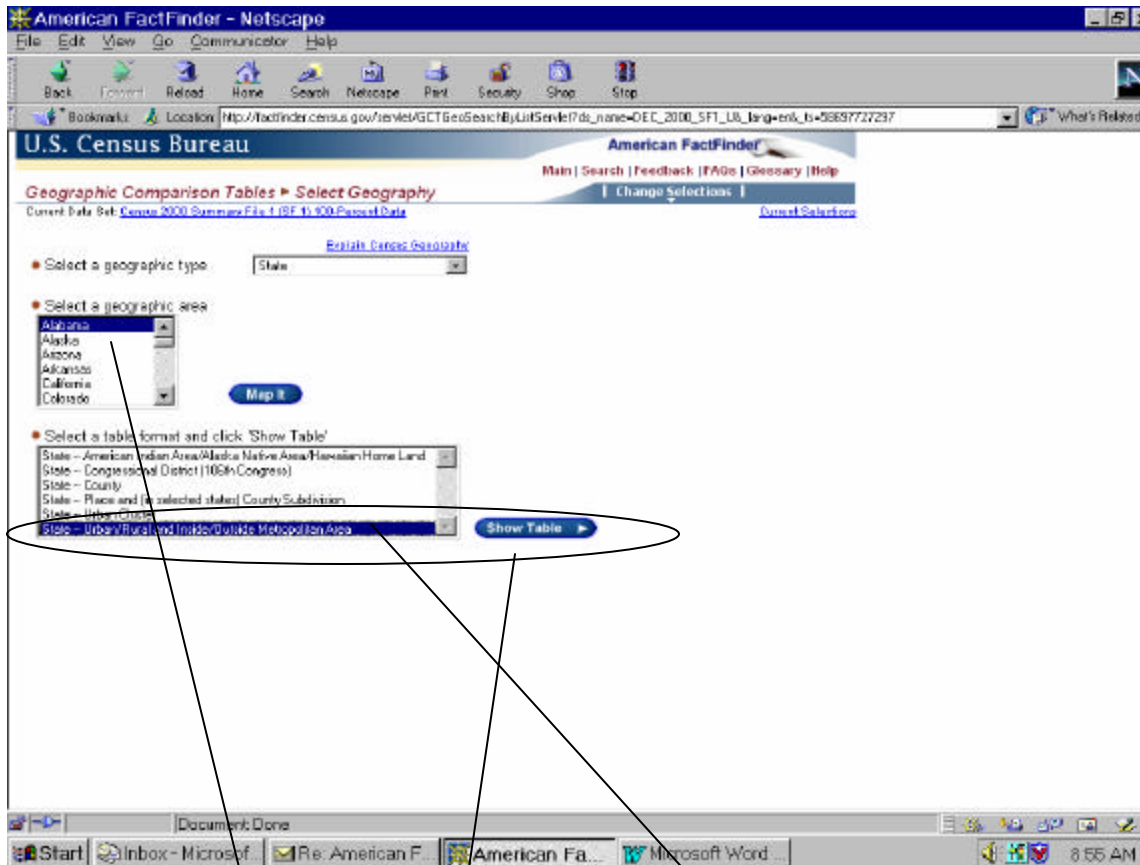
Select "Geographic Comparison Tables."

Instructions for Accessing Census Data



Change geographic type to "State."

Instructions for Accessing Census Data



Select your State:

Scroll down to “State – Urban/Rural and Inside/Outside Metropolitan Areas.”

Highlight it and “Show Table.”

Instructions for Accessing Census Data

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Use the figure for “Rural” “White alone, not Hispanic or Latino.” Subtract this figure from 100 percent to get the minority population ($100 - 80.3 = 19.7\%$).

S:\MikeF\Attachment 3 Census Data.doc

February 13, 2003

SUBJECT: Business and Industry Guaranteed Loan Program
Report of Unauthorized Assistance

TO: State Directors, Rural Development

ATTN: Business Programs Directors

In accordance with RD Instruction 1951-O, section 1951.711(d), each State Office is required to submit an annual report, within 30 days following the end of the fiscal year, for each case of unauthorized assistance or subsidy benefits. For each case, the report will include the account name, case number, fund code, Office of Inspector General audit number (if applicable), amount collected during the period, and the balance owed on the unauthorized assistance. Likewise, a negative report is required from States which have no unauthorized assistance cases. Reports should be sent by email to Letitia Turner, letitia.turner@usda.gov, with a copy to Dwight Carmon, dwight.carmon@usda.gov.

Your prompt attention is appreciated. If you have already submitted your report, please disregard this notice. If you have any questions, please contact Letitia Turner, Loan Specialist, Business and Industry Division Servicing Branch, (202) 720-4878.

(Signed by William F. Hagy III)

WILLIAM F. HAGY III
Deputy Administrator
Business Programs

EXPIRATION DATE:
February 29, 2004

FILING INSTRUCTIONS:
Community/Business Programs

February 19, 2003

SUBJECT: Financial Management Division Reviews
Fiscal Year (FY) 2003

TO: All Rural Development State Directors

ATTN: Management Control Officers

The Financial Management Division (FMD) has scheduled reviews of the state's management control program, collections, Federal Managers' Financial Integrity Act (FMFIA) implementation, and the handling of audits, investigations, and hotline complaints. The reviews will be conducted by the FMD staff.

The states scheduled for review in FY 2003 are as follows:

Mississippi	March 31 - April 4
Indiana	April 14 - 18
Wisconsin	May 12 - 16
Arizona	June 9 - 13
Maine	July 21 - 25
Minnesota	August 11 - 15

FMD will provide each state with the details of the review in advance of the review date. You will be advised of the FMD review team members, entrance and exit conference dates and times, and the files and information that will be reviewed. Depending upon budgetary restrictions, FMD may also schedule additional states for review during the fiscal year. FMD may request your assistance with hotel information.

EXPIRATION DATE:
September 30, 2003

FILING INSTRUCTIONS:
Administrative/Other Program

If you have any questions, please call John Purcell, Director, FMD at (202) 692-0080.

(Signed by Sherie Hinton Henry)

SHERIE HINTON HENRY
Deputy Administrator
for Operations and Management

Sent by electronic Mail 2/20/03 at 9:55 a.m. By FMD.

February 26, 2003

SUBJECT: Farm Security and Rural Investment Act of 2002, Section 9006
Designation of a Rural Energy Coordinator for the Renewable
Energy Systems and Energy Efficiency Improvements Program

TO: State Directors, Rural Development

This is to request that all Rural Development State Directors designate a Rural Energy Coordinator to coordinate the Farm Bill Energy Title programs, including the efforts for implementation of Section 9006 of Title IX of the Farm Security and Rural Investment Act of 2002, **by March 4, 2003.**

The role of the Rural Energy Coordinator is to ensure that staffing will be assigned based on the required needs for the following functions and qualifications:

1. Marketing experience to conduct effective outreach.
2. Commercial/agricultural lending experience.
3. Ability to work with a variety of applicants and meet deadlines.
4. Ability to answer inquiries and provide technical assistance to applicants completing applications.
5. Experience in processing applications (i.e., eligibility determinations, priority scoring, project feasibility evaluations, environmental assessments, and planning, bidding, contracting, and construction monitoring).
6. Knowledge of grant administration rules and regulations (i.e., 7 C.F.R. part 3015, "Uniformed Federal Assistance Regulations").
7. Experience in administering grant and guaranteed and direct loan programs (i.e., Value-Added Development Grant Program, Rural Business Enterprise Grant Program, Business and Industry Guaranteed Loan Program).

The person designated for this role should also be knowledgeable of energy systems within you State.

EXPIRATION DATE:
March 31, 2003

FILING INSTRUCTIONS:
Community/Business Programs

A Notice of Funding Availability (NOFA) is being prepared, outlining the application and award selection procedures, and the Rural Business-Cooperative Service (RBS) expects to publish that NOFA in the Federal Register by March 31, 2003. The name, address, and telephone number of each State Office-designated Rural Energy Coordinator will be published in the NOFA. It is vital that RBS be provided with the name, address, and phone number of your State Office-designated Rural Energy Coordinator by **no later than March 4, 2003**, for inclusion in the NOFA.

Please provide your nomination to Diane Berger, Loan Specialist, Specialty Lenders Division Processing Branch (202)720-2383 or diane.berger@usda.gov.

(Signed by Thomas C. Dorr)

THOMAS C. DORR
Under Secretary
Rural Development

Sent by e-mail on 02-26-03 @ 10:00 a.m. by DABP.

February 27, 2003

SUBJECT: Interest Rate Changes for Housing Programs
and Credit Sales (Nonprogram)

TO: Rural Development State Directors,
Rural Development Managers,
and Community Development Managers

ATTN: Rural Housing, Program Director

The following interest rate, effective March 1, 2003, is changed as follows:

<u>Loan Type</u>	<u>Existing Rate</u>	<u>New Rate</u>
ALL LOAN TYPES		
Treasury Judgement Rate	1.410%	1.320%

The Treasury Judgement rate is based on the weekly average 1-year Constant Maturity Treasury (CMT) yield. The rate is published by the Federal Reserve System, Board of Governors. The current rate shown above is as of the week ending 01/31/03. The actual judgement rate that will be used will be the rate for the calendar week preceding the date the defendant becomes liable for interest.

EXPIRATION DATE:
March 31, 2003

FILING INSTRUCTIONS:
Administrative/Other Programs

This rate may be found by going to the Federal Reserve web site for the weekly average 1-year CMT yield (www.federalreserve.gov/releases/h15/data/wf/tcmly.txt).

Please notify appropriate personnel of this interest rate information.

(Signed by Arthur A. Garcia)

ARTHUR A. GARCIA
Administrator
Rural Housing Service

Sent by Electronic Mail on 02/28/03 at 3:30 p.m. by PAD.